ASX: PE1

PENGANA PRIVATE EQUITY TRUST

A diversified portfolio of global private market investments, managed by one of the largest and most diversified independent asset managers in the world - Grosvenor Capital Management.

SEPTEMBER 2023

IPO OF INSTACART

NAV PER UNIT[1]	1 MONTH PERFORMANCE[2]	SINCE INCEPTION PERFORMANCE (P.A.)[2,3]	TARGET DISTRIBUTION YIELD[4]
$1.6305	**-0.8%**	**10.7%**	**4%**

COMMENTARY

The Trust returned -0.8% over September with a -1.0% contribution relating to final 30 June valuations received for certain co-investments, direct investments, and secondaries. Overall, 30 June valuations produced a small positive contribution over the quarter.

The month saw Instacart, one of PE1's early growth equity holdings and currently held at a ~2% portfolio weight, go public due in part to the strong financial profile of the business. Despite the challenging equity market for growth companies, Instacart is a positive cash flow, profitable business with a very strong balance sheet. We believe there is a good chance that growth will reaccelerate and that the multiple will increase in line with peers and are looking forward to seeing where it is trading when our lock-up period ends in the first half of next year.

We made two investments during the month including:

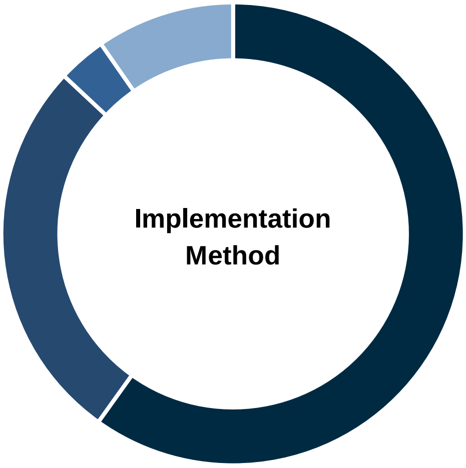
- A co-investment in Arconic, an aluminium processor servicing the automotive, industrial, beverage can, and aerospace end markets. We believe Arconic is well-positioned to benefit from positive secular trends including the automotive sector transitioning from ICEs to EVs which contain 30% more aluminium, and packaging moving away from plastic and glass to more environmentally friendly aluminium cans.
- A secondary transaction involving the purchase of an interest (at an over ~10% discount) in a 2017 vintage year fund that focuses on health and wellness, franchising, infrastructure, and outsourced business services primarily in North America. As part of the transaction, we also made a 4:1 stapled commitment to the sponsor's latest fund.

PE1 WEBINAR UPDATE

GCM Grosvenor Managing Directors Fred Pollock and Corey LoPrete provide a portfolio update and insights from the reporting season.

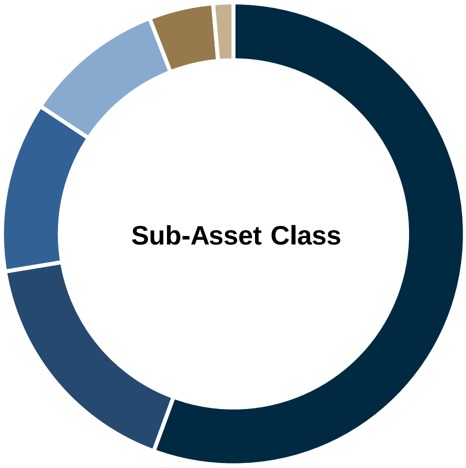
WATCH THE WEBINAR >>

PORTFOLIO DIVERSIFICATION



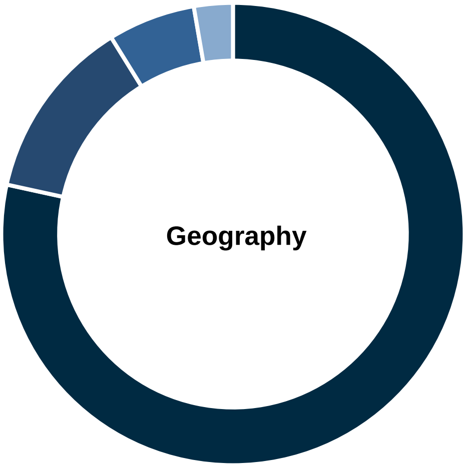
Equity Co-Investments & Direct Investments	60%
Equity Funds	27%
Private Credit	3%
Cash	10%

Cash includes short duration credit which may be used as a cash management tool.



Buyout	56%
Structured Equity [6]	17%
Growth Equity	12%
Special Situations (Including Credit)	10%
Real Estate	5%
Venture Capital	0%
Other	1%

Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments. Refer to footnote 5 for the calculation methodology.



North America	78%
Europe	13%
Asia/Oceania	6%
Other	3%

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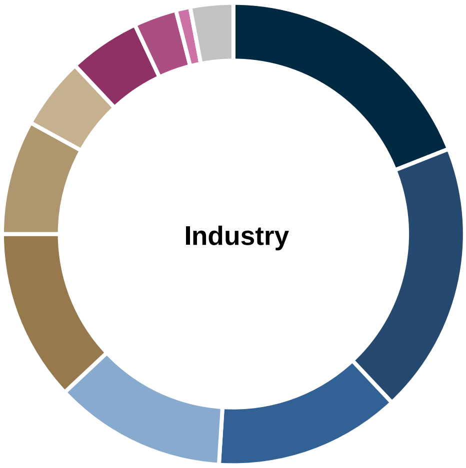

Industrials	19%
Information Technology	19%
Financials	13%
Consumer Discretionary	12%
Health Care	12%
Consumer Staples	8%
Real Estate	5%
Materials	5%
Communication Services	3%
Energy	1%
Utilities	0%
Other	3%

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NAV PER UNIT PERFORMANCE AS AT 30 SEPTEMBER 2023 [2, 3]

	1 month	1 year	3 years p.a.	Since inception p.a. [3]
NAV per Unit	-0.8%	-0.3%	15.0%	10.7%

INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS [7]

EQUITY CO-INVESTMENTS AND DIRECTS

instacart

Due in part to the strong financial profile of the business, the digital grocery shopping fulfillment platform **Instacart** went public in mid-September. The company, which comprises ~2% of PE1's private markets investment NAV, listed at US$30 a share under the ticker symbol CART. Given the challenging equity market for growth companies that has persisted for the last 18 months, market sentiment to the listing has been somewhat tepid. That said, the company is a positive cash flow, profitable business with a very strong balance sheet. We believe there is a good chance that growth will reaccelerate and that the multiple will increase in line with peers like Door Dash and are looking forward to seeing where it is trading when our lock-up period ends in the first half of next year.

ARCONIC

We recently invested in **Arconic**, which processes aluminium into rolled and alloyed aluminium sheet and extrusions used primarily in the automotive, industrial, beverage can, and aerospace end markets. Arconic earns a value-add fee for its operations, eliminating earnings exposure to fluctuations in commodity prices, while contracts also allow for other costs, such as energy, magnesium, and labour to be passed through on a lag.

We believe Arconic is well-positioned to benefit from positive secular trends in its main end markets. The automotive sector is transitioning from ICEs to EVs which contain 30% more aluminium, and packaging is experiencing a secular shift from plastic and glass to more environmentally friendly aluminium cans. While long-term demand for rolled aluminium is strong, the company's earnings power is being masked by the recent Covid-induced decline in aerospace volumes and supply chain and semiconductor shortages impacting automotive production. These issues should abate over our hold period, and we see an attractive entry point to capitalise on the long-term opportunities we see in owning Arconic in a private setting alongside two sponsors with deep domain expertise.

EQUITY FUNDS

We recently completed a secondary transaction involving the purchase of a limited partner interest in a 2017 vintage year private equity fund that focuses on health and wellness, franchising, infrastructure, and outsourced business services primarily in North America. The fund was purchased at an estimated pro forma discount of over ~10% and includes 11 remaining investments. As part of the transaction, we also made a 4:1 stapled commitment to the sponsor's latest fund, which we believe was reasonable for a stapled commitment based on market standards. We believe the overall transaction is compelling due to the diversified number of companies and industry focus of the funds, as well as the funds' balanced distribution profile, which includes a nice combination of potential near-term exits and long-term holds. As an existing investor and Limited Partner Advisory Committee (LPAC) member of the 2017 fund, we were able to leverage our relationship with the manager during due diligence to help us understand and assess both the current performance and the outlook for all the companies in the portfolio.

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1. The NAV is unaudited.
2. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. The net return has been determined with reference to the increase in the Net Asset Value per Unit, as well as of the reinvestment of a Unit's distribution back into the Trust pursuant to the Trust's distribution reinvestment plan ("DRP"). Pengana has established a DRP in respect of distributions made by the Trust. Under the DRP, Unitholders may elect to have all or part of their distribution reinvested in additional Units.
3. The NAV per unit at inception (23 April 2019) is based on the subscription price per unit which is equal to $1.25.
4. Pengana intends to target a cash distribution yield equal to 4% p.a. (prorated on a non-compounded basis) of the NAV (excluding the total value of the Alignment Shares but including the cash distribution amount payable) as at the end of the period that a distribution relates to. The targeted distribution is only a target and may not be achieved. Investors should read the Risks summary set out in Section 11 of the IPO PDS.
5. Portfolio Diversification charts and Top 10 Portfolio Investments tables, where applicable, represents the remaining value of the investments and are based on the Fund's percentage of ownership in the investments. Remaining value is reflected gross of both investments and Fund-related management fees, expenses and carried interest, if applicable, as of the valuation date of the respective investments reflected herein. If applicable, charts that are inclusive of both co-investments and underlying holdings of fund investments may reflect a co-investment valuation date as of the fund investment valuation date (i.e., on a quarter lag). Public underlying investments may include, but may not be limited to, investments in publicly-traded equity instruments, such as common and preferred stock, and publicly traded debt instruments, if applicable. Asset-level remaining value is presented gross of fund-level leverage which may be used in lieu of asset-level leverage. As such, the remaining value presented in this report may be a larger portion or exceed the remaining value of the parent investment.
6. Structured Equity is used to describe investments that have structural elements designed to enhance the risk/return profile of a number of our investments, including growth investments. These elements typically include a component of potential downside protection through the use of a variety of different mechanisms including, but not limited to, liquidation preferences and convertible preferred equity.
7. In reviewing the case studies / trade examples ("Examples") provided in this presentation, you should consider the following:

   This presentation does not purport to make any recommendations regarding, or to serve as a basis or analysis on which persons might make investment decisions regarding, specific securities, investment strategies, industries or sectors. It is prepared for informational purposes only to provide background, data and topical comment on various aspects of the alternative investments industry. References to specific securities, strategies, industries or sectors contained in this presentation, whether successful or unsuccessful, are presented solely for illustrative and educational purposes only and should not be relied on in connection with making any investment decisions. The returns (actual or hypothetical) described in the Examples, if any, should not be taken as any indication of the performance of any investment in any strategy described herein. Further, potential outcome scenarios described in each Example represent only certain possible outcomes for the given trade. Additional outcomes may include severe or total losses.

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Authorised by: Paula Ferrao, Company Secretary

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CAPITAL GROUP

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